Please send the draft minutes/comments on the draft minutes to =>

AGRI-CIVIL-DIALOGUE-GROUPS@ec.europa.eu

Brussels,

FINAL MINUTES

Meeting of the Civil Dialogue Group Arable Crops - COTTON, FLAX AND HEMP SECTORS

Date: 03 February 2021

Chair: Max SCHULMAN (COPA)

Organisations present: All Organisations were present, except Beelife, CEPM, Europa Bio, EURAF, EBB, ECVC, EFFAT, SACAR and BirdLife.

1. Approval of the agenda

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed [Name of each point, one by one]

1. Approval of the draft agenda

The agenda was approved.

The **CELC** (CELCAA) asked for an additional item to be added to the agenda:

Custom problems encountered by flax fibre shipment to China.

2. Market overview, prospects and developments

   a. Fibre crops - market statistics - *DG AGRI G4*

The **Commission** presented the latest figures from the Member States notifications.

Cotton sector:

- Ginned cotton exports decreased by 3,8% on yearly basis (- 3,3% for Greece, - 5,8% for Spain) with a total production of 345.000 tons (282.000 for Greece, 62.000 for Spain);
- Surfaces are expected to decrease by 5/6% in 2020/2021;
- Unginned cotton production for the current marketing year is expected to reach 900.000 tons in Greece and 200.000 tons in Spain;
- Unginned cotton price decreased in 2019/20 by 10% in Greece (440€/ton) and by 13% in Spain (445€/ton);

- The EU trade balance improved over the last 5 years with a total export of 372.000 tons, with a decrease in imports of -5% in 2019/2020;
- The top export destinations remain Turkey, Egypt and Asian countries;
- The top import countries are Turkey, Brazil and India.

Flax sector:

- The EU production of flax increased in 2019/2020 by 7% with a total of 145.000 tons;
- French production decrease by 9% (total 122.000 tons) although surfaces increase by 15% (total 137.000 hectares);
- Belgian production increased and reached 20.000 tons;
- Prices increased until 2018/2019 before decreasing in 2020 due to the pandemic;
- Imports increased by 27% and export decreased by 20%;
- Imports of flax mainly come from Belarus (45% - 3.161 tons).

Hemp sector:

- Market data are largely unavailable and are limited to surfaces;
- In 2019, hemp surfaces increased by 15%, especially in Lithuania and Germany;
- France is still the first producing country, although surfaces decrease by 1.910 hectares;
- Total production has been increasing steadily since 2015.

b. Separate presentation by the sector on hemp, flax and cotton - *EIHA, Copa-Cogeca, CELCAA*

Sector representatives gave an overview of the respective markets as follows.

Hemp

The **EIHA** highlighted that the poor data availability is due to a lack of statistical monitoring from the side of Member States. It insisted on the need to update the Combined Nomenclature, which currently does not encompass all hemp products. The Commission was urged to steer a transparent and rigorous data collection in Member States and to include hemp in the scope of the Market Observatory, proposed by the Parliament in the framework of the CAP reform.

The EIHA reported that surfaces are increasing throughout Europe and are estimated at 55.000 hectares in 2021. They should further increase due to the consequences of the EUCJ ruling in case C- 663/18 (Kanavape). Most of production is focused on seeds and extracts, followed by fibres and shives.

The EIHA highlighted the need to establish marketing standards within the Common Market Organisation, in order to ensure a level playing field to all EU operators, increase product quality and facilitate the uptake of hemp in the bioeconomy and food value chains.

The EIHA reported that hemp extracts market has grown in all Member States and will further consolidate due to the above mentioned EUCJ ruling, confirming that hemp extracts shall be considered as food. The translation of such decision in national legislation will normalise the sector, by regularisation of the harvesting of the flower, and give further impetus to it.

The EIHA also reported that an increasing number of operators in the food & beverage and cosmetic sector already included hemp in their products or are looking at new formulations with hemp extracts and hempseed oil.

Regarding the hemp feed market, the EIHA urged the update on the feed Catalogue entries and to adopt a harmonised approach at EU level: the fragmented regulations in Member States greatly affect the trade of hemp feed, preventing livestock and poultry breeders to include a nutritious feed alternative in the animals' diet.

On the hemp fibre market, the EIHA indicated an increasing interest from Chinese and Indian operators for the import of hemp straw and decorticated fibre. Investments have been made by Chinese public and private investors in the Kunming hemp industrial park consisting of 37,000 square meters of office and factory buildings. The current trends anticipate a surge of hemp fibre around the world.

The EIHA reports that decorticators and secondary transformation plants for hemp fibre are still largely missing on the EU territory, although investments are currently being made in different Member States. The first hemp decorticator in Italy was inaugurated in September 2020, while a Canadian company is currently building a non-woven production plant in Germany. In order to accompany the orderly development of the supply chain and to avoid problems of overproduction, the EIHA stated its intention to establish collaborations with public authorities, farmers' organisations and research bodies.

Finally, the EIHA insisted on the disruptive potential of hemp as raw material for the manufacturing industry and particularly in the bio-based plastics and composite sector. However, a clearer focus on natural fibres and hemp needs to be made by the Commission services responsible for bioeconomy. In this sense, EIHA urged the Commission to extend the scope of the European Raw Material Alliance to biobased alternatives to extractive materials. Furthermore, the EIHA asked for viscose to be excluded from the application of the single-use plastics directive, following the request of many other European trade associations.

Flax

The **CELC** indicated that flax production more than doubled in the last 10 years with an average yearly increase of +15%. The pandemic had no impact on the surfaces in 2020 but it should have in 2021. The difficult climatic conditions and the decrease of global consumption impacted the price and will likely impact the total traded volumes.

The mainly export destinations of EU flax remain China and India, with the first having a strong dependency on EU production. However, the flax sector is actively working for the repatriation of some spinning facilities to Europe.

The CELC announced that it partnered with the IFM (French Fashion Institute) for a market analysis on consumers perception of flax, which gave very positive results and highlighted a great appreciation of the fibre by the great public.

Considering the growing interest for flax fibre, the CELC looks at steering the global consumption of flax and to reach 1% of the fibre market. In the view of further increasing the appeal of flax, the CELC is currently reflecting on the registration of a transnational Geographical Indication.

Cotton

The Bremen Cotton Exchange presented the situation of cotton trade. With 26 million tons, cotton is still the biggest natural fibre sector worldwide. The biggest exporting countries are Brazil, USA, India and Australia. Although a slight price depression was observed, an increase of prices occurred in the last months. Because of the reduced global production and the higher yield of other crops, prices should stay stable and production decrease.

3. CAP post 2020 – feedback from trilogues - *DG AGRI G4*

The **Commission** gave an overview of the legislative process highlighting in particular what follows:

- The Parliament and Council agreed on their respective positions end of October 2020 and are now discussing in trilogues; those positions were not detailed during the meeting, but the amendments proposed in relation to the provisions particularly relevant for the audience were presented (in particular sectorial interventions, hemp imports, THC content). On Article 189 of the CMO regulation on the hemp import regime, initially deleted in the Commission proposal, both the Parliament and the Council propose that it is maintained.
- The discussions in trilogues are on-going and cannot be disclosed.
- As regard the timetable, the objective is to have a political agreement on the three Regulations (CMO, SPR and HZR) under the PT Presidency and to have secondary legislation ready in Autumn 2021. National CAP strategic plans will enter into force on 1/1/2023 after the Commission's approval.

The **EIHA** asked the Commission an update on the discussion during the trilogues of the re-establishment of the THC level on the field at 0,3%. It insisted on the urgent need to re-establish such value as the sector needs more varieties to be bred.

ValBiom (EIHA member and partner of the Wallonian Ministry of Agriculture) stated that there is a strong demand from the agricultural sector in Belgium to move to a threshold value of 0.3%. The agronomic research centre - carrying out the analyses for the federal authorities in Belgium - notified that they also considered the 0.2% as limiting farmers possibilities. Some European countries already have national legislation allowing the cultivation of hemp with a higher content.

The **Syndicat Professionnel du Chanvre** (EIHA member and French trade association for hemp food and wellness products) ensured its full support to the increase to 0.3%, as it would broaden the range of possible varieties and their cannabinoid spectrum, hence increasing the potential of the CBD market. Finally, it insisted on the benefits that the varietal research would bring to overseas departments as well as the Mediterranean regions of Europe (south of France included) that need higher margin on the field, regardless of the specific purpose of hemp farming.

Federcanapa (EIHA member and Italian trade association of hemp) agreed with the previous comments.

The **CEJA** asked the Commission whether it has data on voluntary support coupled for hemp. Furthermore, it asked whether special measures are envisaged (e.g. ecoschemes) in relation to the carbon storage of hemp, linen and cotton.

The **Commission** replied positively to the first question: hemp area for which VCS is paid in each Member States is always communicated to the Commission and made publicly available. Regarding the second question the Commission replied as follows: a list of agricultural practices that eco-schemes can support has been published. This list mentions practices concerning the conversion to organic farming, maintenance of organic farming and certain measures linked to carbon farming; each MS will decide which eco-schemes will be included in its CAP Strategic Plan and implemented.

4. Green Deal: textile, bioeconomy, construction, farm to fork strategy

    a. Commission's view on the place of sustainable textiles in the Green Deal policies - *DG GROW F4*

The **Commission** gave an overview of the drafting process of the EU Strategy for Textiles and reported that it would also take into account the consequences of the pandemic.

The Communication outlining the strategy should be adopted in Q3 2021 and should focus on steering investments, increasing the supply chain resilience and its sustainability. The Extended producer responsibility concept will also be considered. A second public consultation is foreseen.

Furthermore, the Commission informed that a proposal for a regulation on potential measures for tackling microplastics will include synthetic textile.

    b. Farm to fork reduction targets – impact on the sectors - *DG AGRI C1*

The **Commission** gave an overview of the Farm to Fork Strategy, and more particularly of the targets on pesticides, fertilisers and organic farming. The Commission specified that these targets are not legally binding, but more aspirational. An impact assessment will be carried before presenting the different legislative proposals. CDG members were also informed that, in the framework of the preparation of the CAP National Strategic Plans, Member States have been invited to define national values to achieve in 2030, that will be reflecting the Member State's contribution to each Farm to Fork target via the CAP interventions. The Commission also informed that those Strategic Plans are expected to be submitted by end of the year.

The **IFOAM** asked the group what activities and initiatives are being undertaken to support and develop the growth of organic cotton, flax and hemp.

The **EIHA** stated that it is in its intention to promote a pledge among its members for reaching 100% organic in the shortest period of time. However, this can only happen if the harmonization of the legislation is completed and the harvesting of the flower authorised.

The **Bremen Cotton Exchange** reported that the cotton sector has a very active research and development sector to enhance the environmental performance of cotton production. This is not only limited to organic as organic has a share of less than 1%. Those research results and improvements do not always end in certificates even though the progress in the last 20 years has been very successful.

The **IFOAM** stated that the fact that the organic cotton sector is only at 1% is largely a reflection of the fact that environmental and social impacts aren't properly accounted for within our current economic model.

The **Bremen Cotton Exchange** further developed its position as follows:

- there are many programs that focus sustainable cotton production methods, organic is one solution among others;
- the three-pillar model of sustainability includes also the economic situation of farmers, e.g. in developing countries who have to make a living from their farm production;

- a balanced combination of Integrated Pest Management as well as high developed seed research (drought resistant seed, quality issues) and agricultural improvement, needs to be taken in to account as well as the social challenges.

The **CEJA** stated that it is necessary for the EU to have a clear definition of environmental sustainability through scientifically identified and clearly measurable parameters. Furthermore, the misunderstanding that organic is automatically equivalent to sustainable is taking root: however, this depends on each case and is closely linked to the crops, place and methods of cultivation. According to CEJA, when we talk about sustainability we should make a serious balance between input and output of the process at large.

The **Commission** informs the groups that the new Framework Law on Sustainable Food Systems will look into the different dimensions of sustainability, namely the environmental, social and economic components. This will also aim at promoting more policy coherence at EU and MS level, while mainstreaming sustainability in all food-related policies, from farm to fork. Following broad consultation and impact assessment, the Commission will work on general definitions and general principles and requirements for sustainable food systems based on scientific evidences and impact assessment.

c. Information by the sector (Hemp, Cotton) - *COPA-COGECA, EIHA*

Cotton

The **Cooperativas Agroalimentarias** (Cogeca) gave an overview of the cotton production in Spain highlighting in particular the following:

- The cost of production is particularly high;
- Sustainability aspects are particularly important for the sector;
- Integrated production is widespread and use of plastic material on the field is being phased out;
- New varieties are being investigated that could better resist to harsh climate condition and that would require less inputs;
- Most of volumes are exported to Asia;
- Surfaces are around 200.000 hectares with a stable production of 210.000 tons

Hemp

Interchanvre (Copa-Cogeca) presented data related to hemp farming in France and illustrated how hemp can fit the Green Deal objectives by offering alternative raw material for the manufacturing Industry. Interchanvre showed the advancement in France related to hemp building material an recalled a recent successful fire test on hempcrete.

The **EIHA** went through the market opportunities for hemp in the textile sector: being potentially available all over Europe, hemp offers a great alternative and complement to other natural and synthetic fibres.

Because of the great potential of the sector, and in order to ensure an orderly development of the value chain, the EIHA insisted on the need to:

- adopt marketing standards for hemp fibre and other hemp products;
- normalise on the whole EU territory the harvesting of the flower;
- accompany with dedicated R&D funds the blossoming of the hemp sector.

Regarding the upcoming EU Strategy on Sustainable Textile, the EIHA put forward the following comments:

- hemp should be acknowledged as great asset for repatriating an essential production, decreasing carbon emissions and providing additional positive ecosystem services;
- the shaping of textile policies should be done according to the highest transparency standards in order to avoid vested interests to prevail;
- the certification of sustainability for fibres and textile products should be done using a harmonized methodology capable of measuring the real sustainability of every operator along the supply chain;
- the Commission should refrain from copy-pasting private standards of the Fashion industry, such as the Higg Index, and rather steer a transparent debate with all sectors represented.

5. Activities of the EU customs laboratories in the field of cannabis and cannabinoids (feedback on the DG TAXUD webinar on 20-22 October 2020 and next steps) - *DG TAXUD A4*

The **Commission** gave feedback on the DG TAXUD exercise aimed at harmonising practices and improving performances of customs labs in the analytical determination of cannabinoids and in particular for the control of THC in products containing CBD. It stressed the lack of definition (of the products), different testing methods in EU for cannabinoids and different national provisions for maximum level of THC in the field.

In February DG TAXUD will launch an interlaboratory test on 6 product categories containing THC and CBD and the results will be available next summer. 50 labs are involved among them 30/40 are the customs labs and 10 are accredited labs.

The **EIHA** underlined the necessity to involve in this exercise external/independent labs. These labs are currently the only labs capable of a correct analysis if cannabinoids with very limited variation in the results.

6. THC content in food

    a. Feedback on the discussion at Working Group level on the establishment of maximum levels of THC in food - *DG SANTE E2*

The **Commission** informed the group on the ongoing discussions with experts from the Member States on the setting of maximum levels for Δ^9-THC in hemp seeds, hemp seed oil and other hemp seed derived food products. A targeted stakeholder consultation has taken place in August-September 2020 and the comments received by European stakeholder organisations are currently considered. The stakeholder organisations, which have replied to the consultation, considered the suggested maximum levels too low. The Commission informed that Member States received the comments by the stakeholder organisations and added that not enough arguments were presented providing evidenced that the suggested maximum levels were not achievable by applying good practices.

The Commission stressed that the EU legislation is based on the outcome of the EFSA assessment (ARfD of 1 µg/kg bw) and what is based on the data available achievable by applying good practices.

Nevertheless, in case there are new relevant toxicity studies, the Commission will ask EFSA to assess these studies and if necessary update its assessment.

The Commission representative informed the participants that the suggested maximum levels cover for the time being only hemp seeds, hemp seed oil and other hemp seed derived food products. For other hemp products, ,such as based on the leaves is still pending mainly because their status under the food legislation has still to be confirmed (in case the fall under the Novel Food regulation, an authorisation pre-marketing is required.

b. Information by the sector - *Copa-Cogeca, EIHA*

The **EIHA** informed the Commission about the launch of the Toxicological studies on CBD and THC and underlined the willingness of conducting these studies in the most transparent way and informing regularly Com and MS

The **Copa-Cogeca** confirmed its position regarding the need to increase the current limit of THC in food, as per the submitted contribution.

Valbiom thanked the Commission for taking ownership of the dossier on THC content in food. It is important to have harmonization at European level of THC content as this will facilitate synergies and trade at Member State level. Regarding the thresholds in force in Belgium, these are currently 5 mg THC / kg for seeds and 10 mg THC / kg for oil. These thresholds are too low. In Belgium, thresholds are very difficult to be respected, leading to downgrading of batches of seeds or oil. This is especially the case for the finola variety, where in 2019 the THC content in the whole seed was 8 mg THC / kg and 11 mg THC / kg for seed oil (from unshelled seeds) - whereas the field control during flowering met the conditions for granting aid from the Common Agricultural Policy (<0.2%) and the variety is listed in the European catalogue. A higher threshold value must therefore be defended, limiting the risks of downgraded batches among farmers or in food processing companies. Valbiom insisted that a threshold value of 10 mg / kg for seed and 20 mg / kg for oil needs to be implemented. During drought years, farmers find themselves at the limit of the current threshold values in THC for cultivation (<0.2% THC) and for unshelled seeds. It would be unfair if crop had to be destroyed for climatic reasons and not because of a varietal choice. Current thresholds are too strict and not scientifically justified. The current health based guidance value (ARfD of 1 µg/kg bw) used data from several years ago and were not carried out in a representative sample of the population (study in 1993 on 31 HIV patients and in 2011 on 11 people) - therefore they implicitly have low scientific value.

7. Any other business

Update on custom problems encountered by flax fibre exporters in China

The **CELC** (CELCAA) informed the Commission about the containers of flax fibre blocked by the Chinese customs in the Shanghai harbour. The Chinese authorities considered the product as waste because of the presence of dust. The CELC collaborated with its Chinese counterpart and the Dutch, French and Belgian mission to Shanghai. It asked the Commission to support its claim and insist with Chinese authorities that the product is cleared for customs.

4. Conclusions/recommendations/opinions

Guidance

This part of the minutes should include comprehensive information on possible general conclusions reached or recommendations/opinions delivered by the group, including the outcome of a vote.

5. Next steps

Guidance

This part of the minutes should provide comprehensive information on next steps, as agreed during the meeting, including on the issues to be discussed in future meetings, the tasks to be performed by the group and the general timeline.

6. Next meeting

A meeting of the Civil Dialogue Group on arable crops dedicated to hemp should take place on April 26.

7. List of participants - Annex

Guidance

DGs should ensure that all participants in a given group are informed that the Commission would be processing their personal data. They should do this via the Privacy Statement that is not only published online, but is also provided individually to each participant (e.g. as part of the email where the DG first contacts the individual concerned).

The name of Type A[1] and B[2] members and observers should always be included in the list of participants pursuant to Article 23 of Commission Decision C(2016)3301.

The name of Type C, D and E members' and observers' representatives may be included in the list, subject to their prior freely given, specific, informed and unambiguous consent (e.g. given in a consent form that they sign for that purpose at each meeting), in compliance with Article 3(15) and Article 7 of Regulation 2018/1725.

DGs have to be able to demonstrate that consent was obtained subject to conditions of Regulation 2018/1725 (i.e. keep a record that shows how the consent was obtained and whether it was valid).

[1] Individuals appointed in a personal capacity (C(2016) 3301, art. 7.2 (a)).

[2] Individuals appointed to represent a common interest shared by stakeholders (C(2016) 3301, art. 7.2 (b)).

Disclaimer

"The opinions expressed in this report represent the point of view of the meeting participants from agriculturally related NGOs at community level. These opinions cannot, under any circumstances, be attributed to the European Commission. Neither the European Commission nor any person acting on behalf of the Commission is responsible for the use which might be made of the here above information."

List of participants– Minutes

Meeting of the Civil Dialogue Group
"Arable Crops – Cotton, Flax and Hemp Sectors"

03 February 2021 (videoconference)

Member organisation	Number of Persons
Beelife	**--**
Confédération européenne de la production de maïs (CEPM)	**--**
Europa Bio	**--**
European Agroforestry Federation (EURAF)	**--**
European Biodiesel Board (EBB)	**--**
European Coordination Via Campesina (ECVC)	**--**
European Council of Young Farmers (CEJA)	**3**
European Environmental Bureau (EEB)	**1**
European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT)	**--**
European Landowners' Organization asbl (ELO asbl)	**1**
European Liaison Committee for Agriculture and agri-food trade (CELCAA)	**5**
European agri-cooperatives (COGECA)	**4**
European farmers (COPA)	**10**
Fertilizers Europe	**1**
FoodDrinkEurope	**8**
International Federation of Organic Agriculture Movements EU Regional Group (IFOAM EU Group)	**2**
Pesticide Action Network Europe (PAN Europe)	**1**
SACAR - Secrétariat des Associations du Commerce Agricole Réunies / Joint Secretariat of Agricultural Trade Associations (SACAR)	**--**
Stichting BirdLife Europe (BirdLife Europe)	**--**
	Total: 36